



Bell Canada

Annual Report

1969

BELL CANADA

1050 Beaver Hall Hill
Montreal, 128, Quebec.

1970 ANNUAL MEETING

The Annual and Special General Meeting of the shareholders will take place at 2:00 P.M., Wednesday, March 25, 1970, in the Grand Salon, Queen Elizabeth Hotel, Montreal, Quebec.

LISTING OF STOCK — Preferred and Common

Montreal Stock Exchange
The Toronto Stock Exchange

TRANSFER OFFICES FOR STOCK — Preferred and Common
Company Treasurer's Office *Montreal*

The Royal Trust Company *Toronto; St. John's, Nfld.; Halifax; Charlottetown; Saint John, N.B.; Winnipeg; Regina; Calgary; Vancouver*

REGISTRAR FOR STOCK — Preferred and Common

Montreal Trust Company *Montreal; Toronto; St. John's, Nfld.; Halifax; Charlottetown; Saint John, N.B.; Winnipeg; Regina; Calgary; Vancouver*

TRUSTEE FOR BONDS

The Royal Trust Company *Montreal*



Bell Canada

Built, managed and owned by Canadians

NINETIETH

Annual Report

YEAR ENDED DECEMBER 31, 1969

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Sur demande, le secrétaire vous fera volontiers parvenir un exemplaire français du rapport annuel.

FACTS AND FIGURES AT A GLANCE	1969	1968
Revenues	\$842,090,000	\$758,478,000
Other Income	22,480,000	21,922,000
Expenses	530,200,000	463,987,000
Taxes	148,516,000	141,115,000
Interest Charges	72,158,000	60,969,000
Earnings	113,696,000	114,329,000
Earnings per share	\$3.20	\$3.27
Dividends per share	\$2.50	\$2.50
Return on total capital	6.8%	6.9%
Construction expenditures	\$389,326,000	\$338,629,000
Telephones added	302,038	298,681
Local calls — daily average	33,560,000	31,916,000
Long distance calls — daily average	745,000	664,000
Employees — year-end total	38,686	37,489
Total payroll	\$273,972,000	\$250,682,000

Officers

Chairman of the Board
and Chief Executive Officer

MARCEL VINCENT

President

ROBERT C. SCRIVENER

Executive Vice-Presidents

A. JEAN de GRANDPRÉ, Q.C. *Administration*

ARNOLD J. GROLEAU *Planning and Research*

ALEXANDER G. LESTER *Corporate Studies*

Vice-Presidents

W. HARVEY CRUICKSHANK *Public Relations*

MAURICE d'AMOURS *Montreal Area*

MALCOLM N. DAVIES *Planning*

CLAUDE DUHAMEL *Operations Staff*

J. PAUL GAGNON *Eastern Area*

GORDON E. INNS *Engineering*

Z. HENRY KRUPSKI *Trans-Canada*

J. VERNON LEWORTHY *Toll Area*

WALTER F. LIGHT *Operations*

WALLACE C. MACPHERSON *Personnel*

JOHN A. McCUTCHEON *Central Area*

HARRY PILKINGTON *Operations Staff*

JOHN E. SKINNER *Western Area*

JAMES C. THACKRAY *Toronto Area*

ORLAND TROPEA *Regulatory Matters*

GEORGE C. WALLACE *Finance*

Treasurer

WILLIAM C. CORBETT

Comptroller

GEORGE L. HENTHORN

General Counsel

GUY HOULE

Secretary

SYDNEY D. McMORRAN

Organization changes during 1969 included the appointments of Alex G. Lester as Executive Vice-President (Corporate Studies), Arnold J. Groleau as Executive Vice-President (Planning and Research), Walter F. Light as Vice-President (Operations), Harry Pilkington as Vice-President (Operations Staff), Gordon E. Inns as Vice-President (Engineering) and George L. Henthorn as Comptroller. Upon the retirement of Wallace M. Rankin, James C. Thackray was named Vice-President (Toronto Area), and John A. McCutcheon was appointed to succeed Mr. Thackray as Vice-President (Central Area).

Directors

W. M. VACY ASH *Toronto, Ontario*
Company Director

MARCEL BÉLANGER, C.A. *Quebec, Quebec*
Partner, Bélanger, Dallaire, Gagnon & Associés
Elected March 20, 1969

J. LAURENCE BLACK *Sackville, New Brunswick*
Chairman, The New Brunswick Telephone Company, Limited

HENRY BORDEN, S.M., C.M.G., Q.C.* *Toronto, Ontario*
Chairman, British Newfoundland Corporation, Limited

THOMAS W. EADIE* *Montreal, Quebec*
Former Chairman, Bell Canada

MARCEL FARIBAUT* *Montreal, Quebec*
Chairman, Compagnie France Film

JOHN A. FULLER* *Montreal, Quebec*
Company Director

HELEN S. HOGG, S.M. *Toronto, Ontario*
Professor and Research Associate, University of Toronto

R. HOLLEY KEEFLER, C.B.E., D.S.O.* *Montreal, Quebec*
Chairman, Northern Electric Company, Limited
Resigned June 30, 1969

HERBERT H. LANK* *Montreal, Quebec*
Company Director

VERNON O. MARQUEZ* *Montreal, Quebec*
President, Northern Electric Company, Limited
Appointed July 1, 1969

DONALD McINNES, Q.C. *Halifax, Nova Scotia*
Senior Partner, McInnes, Cooper and Robertson

KENNETH G. McKAY *New York, New York*
Vice-President,
American Telephone & Telegraph Co.

JOHN H. MOORE *London, Ontario*
President, Brascan Limited

ARTHUR S. PATTILLO, Q.C. *Toronto, Ontario*
Partner, Blake, Cassels & Graydon

H. ROCKE ROBERTSON, C.C. *Montreal, Quebec*
Principal and Vice-Chancellor,
McGill University

LUCIEN G. ROLLAND *Montreal, Quebec*
President and General Manager,
Rolland Paper Company, Limited

ROBERT C. SCRIVENER* *Montreal, Quebec*
President, Bell Canada

GRAHAM F. TOWERS, C.C., C.M.G. *Ottawa, Ontario*
Company Director

JEAN TURGEON, Q.C. *Quebec, Quebec*
Senior Member, Turgeon, Amyot, Choquette & Lesage
Resigned March 1, 1969

HON. MADAME GEORGES P. VANIER, P.C., C.C.
Montreal, Quebec
Company Director

MARCEL VINCENT* *Montreal, Quebec*
Chairman and Chief Executive Officer, Bell Canada

* Member of the Executive Committee

REPORT OF THE DIRECTORS

Nineteen-sixty-nine, Bell Canada's 90th year of operation, was a period of heavy and insistent customer demand for all types of telecommunications services. In response, further vigorous growth was recorded despite a critical imbalance between current high levels of operating and capital costs and the Company's revenues which were tied to an 11-year-old price structure.

Records were set in the provision of service to customers. Never before in its history did the Company install so many additional telephones, serve so many people, connect so many local and long distance calls, transmit so much data. In the vitally important areas

of earnings and rate setting, however, the results achieved did not meet the needs of the situation.

Earnings

Growth in the volume and value of service to the customer was not reflected in corresponding growth in earnings. Net income per share in 1969 was \$3.20, compared with \$3.27 in 1968 and \$3.16 in 1967. Had the revenue increase authorized by the Canadian Transport Commission late in the year been in effect throughout 1969, earnings would have shown substantial improvement, exceeding \$3.50 per share.

The rate of return on total capital in 1969 was 6.8 per cent, a fractional drop from the 6.9 per cent reported for 1968. It is obviously not adequate in relation to the cost of money — with interest rates, for example, currently in the nine per cent range — or to the return on investment achieved by other Canadian companies with which Bell Canada must compete for investment capital.

Dividend payments were continued at the \$2.50 per share level, and a total of \$24.7 million — equivalent to 70 cents per share — was added to the earnings retained in the business to further increase the strength and earning power of the shareholders' investment.

Operations

Operating revenues were increased during the year by 11 per cent, with the major part of the increase coming from the long distance services. Expenses rose by 14.3 per cent as

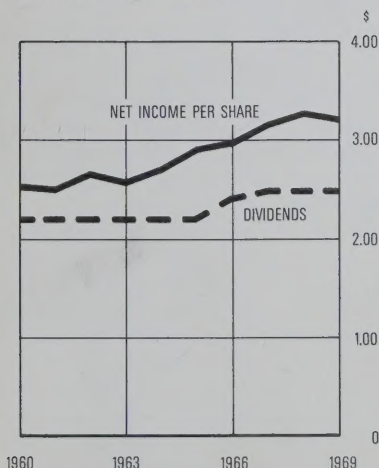
inflation continued to take its toll and outweigh the beneficial effects of further significant gains in productivity.

Recent studies have shown that the Company's record of gain in the productive use of both capital and labour has been outstanding in the nation. This was achieved over a number of years through a combination of carefully planned capital investment, improvements in equipment and operating methods, and effective management of all available resources. Already ranked with the best in the entire communications industry in this regard, Bell Canada made further improvements in the productivity of the work force in 1969. During the year, the number of employees on staff for every 1,000 telephones served averaged less than seven, a productivity improvement of almost four per cent over the average for the previous year.

But further gains in productivity are increasingly difficult to achieve; and they alone cannot offset the pace of rising costs of capital, labour, materials and supplies, hydro-electric power, taxes, health and social services, postage and all the other components of the Company's costs of operation.

To cite an example, the net cost of copper went up by more than 30 per cent, about 14 cents per pound, during 1969. So much copper is used in telephone wires, cables and other essential equipment that each one-cent-per-pound increase in the price of copper to the Company's suppliers adds some \$600,000 to Bell Canada's annual cash outlay.

EARNINGS AND DIVIDENDS



The Company must budget an additional \$8.5 million in 1970 just to cover the 1969 increases in the cost of this one item. Also, tax changes announced in 1969 by the federal, provincial and municipal governments will add some \$13 million to Bell Canada's tax bill in 1970.

For more than 10 years, by continuously improving and modernizing both methods and equipment, the Company was able to increase its over-all productivity enough to protect its customers from increases in the basic level of telephone rates. But with accelerating inflation throughout the latter half of the 'Sixties, the end of that road was reached in 1968, and an application for rate adjustment was submitted to the regulatory authority. The results of that action are described elsewhere in this report. Such is the nature of the regulatory process, however, that throughout most of 1969 the Company continued to operate under basic rate schedules set in 1958.

The fact that the Company performed as well as it did in 1969 is due primarily to the dedication and wide-ranging competence of its management and employees. On behalf of all shareholders, the direc-

tors wish to record their appreciation of the quality of the job done during the year by Bell Canada men and women in all departments and at all levels of the organization. It is they who give the Company its vigour, its personality and its heart. The results reported here could not have been obtained without employee understanding of the difficult situation the Company faced, their concern for the needs of the public they serve, and their pride in doing the job well.

Service

Canadians have come to expect — and to require — telecommunications services that are up-to-date and excellent in quality, available when and where needed, and low in price. On all these counts, the services provided by Bell Canada in 1969 met the test. Concern for the individual customer and his particular communications problem is the Bell Canada watchword, whether the customer be in a busy urban centre, in rural territory or in a remote location of the far north.

The total number of telephones added to the system in 1969 was 302,038, exceeding 300,000 in a single year for the first time in the Company's history. At the year-end, Bell Canada was serving 5,752,820 telephones, nearly six per cent more than at the end of 1968.

An idea of the amount of physical work involved in achieving this level of growth is given by the fact that the Company must install five telephones to gain one. To accommodate the changing as well as the growing requirements of customers, nearly 1,500,000 telephones were connected during the year, while about 1,200,000 were removed.

Use of the Company's services and their importance to Canada continued to grow as well. Telephone calls originated by Bell Canada customers climbed to more than 34 million on the average business day, totalling 11.4 billion

BENEFITS AND PENSIONS

Under the Plan for Employees' Pensions, Disability Benefits and Death Benefits
Year 1969

Sickness Benefits ...	\$1,986,633
Accident Benefits ...	131,905
Death Benefits	632,533
Disability Pensions ..	148,735

The Company has established a fund with The Royal Trust Company, Montreal, as Trustee. This fund is irrevocably devoted to service and deferred pension purposes. Under an accrual program based on actuarial studies, regular payments are made to the fund by the Company and amounted to \$14,652,037 in the year 1969. The amount in the fund fully provides for future payments to those now on the pension rolls and those now entitled to retire on service pension at their own request, or to a deferred pension. The fund is not a part of the assets of the Company and is, therefore, not reflected in the balance sheet.

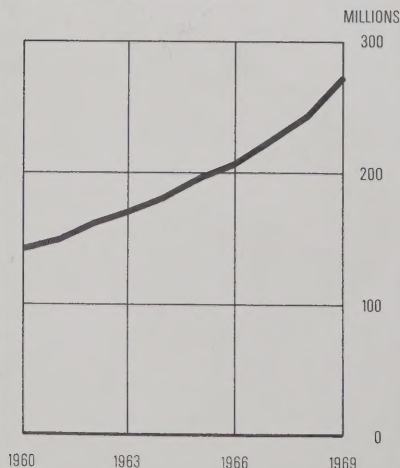
in the year. Long distance calls exceeded 270 million, increasing by 13.3 per cent on a basis comparable with 1968. Unprecedented demand for data transmission and other sophisticated services was met.

Construction

A total of \$389.3 million was spent in 1969 to provide the additional facilities and equipment needed to satisfy the steadily increasing customer demand for service, and to maintain service standards.

Meeting the demand for growth in the Company's capacity to supply service accounted for nearly 70 per cent of the total construction expenditure. Some 20 per cent was used to cover the unavoidable costs associated with customer moves and the replacement of outworn facilities. The balance of approximately 10 per cent was devoted to projects designed primarily to modernize

LONG DISTANCE MESSAGES



and improve the service and to keep the Company's physical plant in step with modern developments in technology.

Why must the Company have so large a construction program when the cost of raising additional capital to support it is so high? Why not drastically reduce or simply suspend such expenditures and thus reduce the level of operating costs?

The answer lies in the Company's obligation to serve the public — now and in the future — and in its responsibility to the national economy and to its shareholders. If such curtailment took place, service would quickly deteriorate in both quality and availability. Pent-up customer demand and dissatisfaction would build. Lack of adequate communications would soon begin to affect the prosperity and progress of business, industry and society in general, and the economy would suffer — as would the Company's reputation.

None of these things would be in the public interest or in the interests of the Company's shareholders. And the cost of catching up later on to satisfy the increasingly sophisticated requirements of business, government and other customers would be prohibitive — if, indeed, catching up were possible at all.

In the judgment of management and the Board of Directors, a carefully planned, controlled and continuous construction program — one which takes full account of present and future customer needs as well as the current financial and economic situation — is essential to the continued development of this Company as a utility that merits the confidence and support of customers and investors alike.

Financing

The additional capital needed in 1969 to finance construction was raised principally from funds generated within the business, by borrowing at current high rates of interest, and through the Employees' Savings Plan.

Internal resources provided a total of \$223.5 million — made up of \$168.1 million in depreciation allowances and other items, \$30.7 million in deferred income taxes, and \$24.7 million of retained earnings.

The balance of proceeds from the sale of Series AM first mortgage bonds — negotiated in 1968 — and the sale of Series AN bonds in May provided \$68.7 million. In addition, at the year-end a total of \$94 million was outstanding in short term bank loans and promissory notes due in one year or less. Net receipts from the Employees' Savings Plan amounted to \$24.9 million.

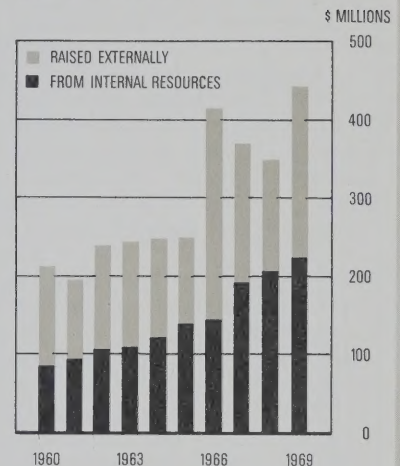
The composite average interest rate on all funds borrowed in 1969 was 8.1 per cent. The proportion of borrowed money in the Company's total capital rose to 48 per cent at the end of 1969.

A first mortgage bond issue, Series AP, in the amount of \$30 million and bearing interest at nine per cent was negotiated in December. Dated January 15, 1970, this series will mature January 15, 1989.

In December, as well, shareholders were informed of the Company's proposal to raise additional equity capital in 1970 by issuing preferred stock which would subsequently be convertible into common shares at the holder's option. The \$47-par-value preferred shares, which will carry voting privileges and a fixed dividend rate of \$3.20 per share, were offered by underwriters to holders of Bell Canada common shares in January, at an issue price of \$47 per share and on the basis of one preferred share for every 18 common shares held.

Offered by the underwriters in conjunction with the Bell shares — as part of a combined sale unit — was an equal number of common shares of Microsystems International Limited, Northern Electric's subsidiary incorporated last March to develop, produce and market a broad range of microcircuits for the electronics industry in Canada and around the world. This was the first

CAPITAL REQUIREMENTS



public offering of MIL shares, and the directors took steps to ensure that Bell shareholders should have first opportunity to acquire them.

Regulatory Action

At the beginning of 1969, the Company's application for a revision of the telephone rate structure — filed December 6, 1968 — was before the Railway Transport Committee of the Canadian Transport Commission. The Company's case was well prepared, thoroughly documented, and ably presented. Public hearings began May 20 and continued until August 1, and the Commission's decision was announced at the end of September.

Approved were certain rate increases calculated to provide an additional \$27.5 million in the base year. This was equivalent to a revenue increase of some three per cent, and it left monthly local service rates untouched at the basic 1958 levels.

In the Company's assessment, by any standard of measurement, the rate increase requested — averaging less than one per cent per year in revenue effect after more than 10 years of far greater annual increases

in the costs of operation—was essential and non-inflationary. The actual award of approximately one-third that amount is quite inadequate in view of the specific increases in operating expenses and interest rates that have taken place since the Company's last general rate revision in 1958. It is apparent that an early return to the regulatory authority on the question of telephone service rates cannot be avoided.

Elsewhere in its judgment, the Commission specifically left the door open for further relief or other remedial action. It also referred to the "fallacy" of establishing a "maximum permissive rate of return" as a sole test of the reasonableness of telephone rates under current economic conditions, and decided not to impose any such restriction at this time on the profit the Company might be able to earn. These elements of the judgment have been encouraging to the Company and have been received with favour in the financial community.

Several other Canadian telephone companies, including Bell Canada subsidiaries, applied to their respective regulatory authorities for rate

adjustment during 1969, and are either awaiting decision or now operating under new rate schedules.

Research and Development

Canada today enjoys a position of world leadership in telecommunications; it is in the national interest that this position be maintained.

Research in all aspects of telecommunications must be continued if Bell Canada is to keep pace with new developments in technology, and continue to meet its obligations to customers and the nation. This is essential to the future well-being and prosperity of Canada, and thus is in the best interests of the Company's shareholders. It, of course, requires that the Company's earnings be adequate to support advanced research, developmental experimentation and innovation.

In November, federal letters patent were issued, paving the way for the possible creation of a new subsidiary company to consolidate the telecommunications research and development efforts of both Bell Canada and Northern Electric Company, Limited. Previous studies had indicated that consolidation of these efforts in a separate subsidiary would result in more effective utilization of special skills, better liaison with other research organizations around the world, and a more efficient, more productive result. Further studies to assess the potential extent of such benefits are being conducted before any final decision is made.

The View Ahead

The Company is determined that the services provided by Bell Canada will continue to rank with the best in reliability, versatility and availability—designed and priced to meet the evolving requirements of Canadian customers. The necessary skills, experience and initiative are available within the Company. With realistic and far-sighted regulation, and with the confidence and support of investors, Bell shareholders have

reason to expect that the Company will retain its pre-eminent position.

The telecommunications network is the nerve system of the nation; unless it functions well at all times, growth slows, stops, and paralysis sets in. In the public interest, this cannot be allowed to happen. Experience in countries around the world clearly indicates that poor telephone service retards business and social development and is, in the long run, more costly to the customer than is good service. Without the necessary resources—both financial and human—the Canadian telephone industry cannot continue to supply the varied, constantly improving and reasonably priced telecommunications services that Canadians need, want, and take for granted.

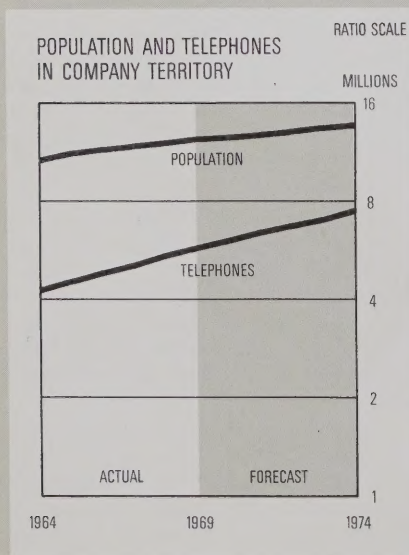
It is a basic objective of the Company to assure maximum benefits for customers and the economy since, over the longer term, corporate well-being and progress cannot be assured without them. Because it is in the public interest, this must also be the forward-looking goal of the regulatory authority. The Company and the regulatory authority must therefore share a common interpretation of that goal, a clear view of necessary intermediate objectives, and a mutual understanding of the best means of attaining them.

With its unmatched human resources, and given regulation which fosters efficiency, initiative and the financial health of the enterprise, there is no limit to what Bell Canada can achieve within its sphere of activity in serving the interests of its customers, its shareholders and the nation.

For the Board of Directors,

W. Vincent
Chairman

February 16, 1970



INCOME STATEMENT*(thousands of dollars)*

	Year 1969	Year 1968
Operating Revenues		
Local Service	\$472,827	\$437,554
Long Distance Service	329,209	284,713
Miscellaneous	44,114	39,535
Less Uncollectibles	<u>4,060</u>	<u>3,324</u>
	<u>842,090</u>	<u>758,478</u>
Operating Expenses		
Maintenance	144,926	130,917
Depreciation (Note 1)	170,486	151,906
Traffic (Note 2)	53,190	48,334
Marketing and Commercial	58,713	53,022
Other	<u>102,885</u>	<u>79,808</u>
	<u>530,200</u>	<u>463,987</u>
Net Operating Revenues	<u>311,890</u>	<u>294,491</u>
Operating Taxes		
Income Taxes	103,835	102,319
Other Taxes	<u>44,681</u>	<u>38,796</u>
	<u>148,516</u>	<u>141,115</u>
Operating Income	<u>163,374</u>	<u>153,376</u>
Other Income		
Dividends from Subsidiary Companies (Note 3)	14,669	13,486
Dividends and Interest from Other Investments	3,608	4,643
Miscellaneous (Note 4)	<u>4,203</u>	<u>3,793</u>
	<u>22,480</u>	<u>21,922</u>
Total Income Before Interest Charges	<u>185,854</u>	<u>175,298</u>
Interest Charges		
Interest on Long Term Debt	68,109	59,861
Other Interest	3,464	611
Amortization of Discount, Premium and Expense on Long Term Debt	<u>585</u>	<u>497</u>
	<u>72,158</u>	<u>60,969</u>
Net Income	<u>\$113,696</u>	<u>\$114,329</u>
Net Income per Common Share	\$3.20	\$3.27
<i>(Based on average shares outstanding)</i>		

BALANCE SHEET

ASSETS

	(thousands of dollars)	
	December 31, 1969	December 31, 1968
Telephone Property		
Land, Buildings, Plant and Equipment — at cost	\$3,593,443	\$3,279,224
Less Accumulated Depreciation	938,919	843,631
	<u>2,654,524</u>	<u>2,435,593</u>
Investments		
Subsidiary Companies — at cost (Note 3)	231,056	182,801
Other Companies — at cost (Note 5)	51,877	52,218
Special Refundable Tax	—	5,628
	<u>282,933</u>	<u>240,647</u>
Current Assets		
Cash	1,839	3,948
Temporary Cash Investments (Note 6)	2,000	25,000
Accounts Receivable (Note 7)	114,301	108,377
Material and Supplies — at cost	24,501	23,614
Prepayments	15,622	13,956
	<u>158,263</u>	<u>174,895</u>
Deferred Charges		
Unamortized Discount and Expense on Long Term Debt	8,898	8,664
Other	2,964	2,725
	<u>11,862</u>	<u>11,389</u>
Total Assets	<u>\$3,107,582</u>	<u>\$2,862,524</u>

On behalf of the Board of Directors:

Marcel Vincent, *Director*.R. C. Scrivener, *Director*.

LIABILITIES

	<i>(thousands of dollars)</i>	
	<i>December 31, 1969</i>	<i>December 31, 1968</i>
Shareholders' Equity		
Capital Stock (Notes 8 and 17)	\$ 897,535	\$ 879,344
Premium on Capital Stock (Note 9)	366,330	357,304
Retained Earnings	202,251	177,504
	<u>1,466,116</u>	<u>1,414,152</u>
Long Term Debt (Notes 10 and 17)	<u>1,262,504</u>	<u>1,193,052</u>
Notes Payable (Note 11).	<u>94,015</u>	<u>—</u>
Current Liabilities		
Accounts Payable (Note 7)	65,477	57,508
Advance Billing and Payments for Service	20,148	18,688
Dividend Payable	22,618	22,159
Taxes Accrued	4,043	17,425
Interest Accrued	18,694	17,232
	<u>130,980</u>	<u>133,012</u>
Deferred Credits		
Income Taxes (Note 12)	140,230	109,501
Employees' Savings Plan (Note 13)	13,156	12,159
Unamortized Premium less Expense on Long Term Debt	581	648
	<u>153,967</u>	<u>122,308</u>
Total Liabilities	<u>\$3,107,582</u>	<u>\$2,862,524</u>

G. L. Henthorn, *Comptroller.*

STATEMENT OF RETAINED EARNINGS*(thousands of dollars)*

	Year 1969	Year 1968
Balance at Beginning of Year	\$177,504	\$153,169
Net Income	113,696	114,329
	<u>291,200</u>	<u>267,498</u>
<i>Deduct</i> Dividends (\$2.50 per Common Share in 1969 and in 1968) . . .	88,949	87,358
Miscellaneous Items (net)	—	2,636
	<u>88,949</u>	<u>89,994</u>
Balance at End of Year	<u>\$202,251</u>	<u>\$177,504</u>

STATEMENT OF SOURCE AND DISPOSITION OF FUNDS*(thousands of dollars)***Source of Funds**

Operations

Net Income	\$113,696	\$114,329
Deferred Income Taxes	30,729	29,585
Depreciation and Other Items Not Requiring an Outlay of Funds (net)	168,050	150,244
	<u>312,475</u>	<u>294,158</u>
Deposits Under Employees' Savings Plan	24,912	21,332
Proceeds from Long Term Debt	68,682	122,265
Net Proceeds from Notes Payable	94,015	—
Capital Stock Issued to Acquire Shares of Other Telephone Companies	3,302	—
Decrease in Working Capital	14,600	—
Miscellaneous Items	6,730	5,040
	<u>\$524,716</u>	<u>\$442,795</u>

Disposition of Funds

Construction Expenditures

Gross Construction Expenditures	\$389,326	\$338,629
<i>Deduct</i> Charges to Construction Not Requiring an Outlay of Funds .	9,179	8,975
	<u>380,147</u>	<u>329,654</u>
Dividends	88,949	87,358
Acquisition of Investments	47,914	5,354
Increase in Working Capital	—	11,292
Miscellaneous Items	7,706	9,137
	<u>\$524,716</u>	<u>\$442,795</u>

NOTES TO FINANCIAL STATEMENTS

1. Depreciation

Portion of the cost of depreciable telephone property charged against current operations, computed on the straight line method at rates of approximately 5.3% in 1969 and 5.2% in 1968.

2. Traffic

Expenses, principally operators' wages, incurred in handling telephone calls.

3. Investments — Subsidiary Companies

Direct ownership, with voting control, in the following companies:

Northern Electric Company, Limited (100%)

The New Brunswick Telephone Company, Limited (50.5%)

Northern Telephone Limited (88.3%)

The Avalon Telephone Company, Limited (99.7%)
(name changed to Newfoundland Telephone Company Limited effective January 1, 1970)

Télébec Ltée (99.9%) which was formed in May, 1969, by the amalgamation of

La Compagnie de Téléphone d'Arthabaska Ltée

La Tuque Telephone Company

The Pontiac Telephone Company Limited

Télébec Inc.

Télécommunications de l'Est Limitée

Télécommunications Richelieu Limitée

Le Téléphone de Contrecoeur Ltée

Téléphone Princeville Ltée

Lièvre Valley Telephone Company (100%)
(control acquired in February, 1969)

Maitland Teleservices Limited (96.3%)
(control acquired in January, 1969)

The Capital Telephone Company Limited (100%)

The North American Telegraph Company (100%)

The accompanying financial statements are prepared on a corporate basis and have not been consolidated with those of subsidiary companies because (a) the operations of Bell Canada are subject to regulation by the Railway Transport Committee of the Canadian Transport Commission whereas those of its subsidiary companies are either not regulated or regulated by other jurisdictions, and (b) the business characteristics of Northern Electric Company, Limited, a manufacturing company and the principal subsidiary, are substantially different from those of the telephone companies.

The amount of the Company's proportion of the net earnings of all subsidiaries for the year 1969 is \$16,041,000 (\$14,403,000 for 1968), and of the retained earnings since acquisition is \$64,039,000 at December 31, 1969.

4. Other Income — Miscellaneous

Principally interest on plant under construction.

5. Investments — Other Companies

At December 31, 1969, direct ownership, without voting control, of 51.1% of the common shares and 5.9% of the preferred shares in the Maritime Telegraph and Telephone Company, Limited; market value at December 31, 1969: \$30,430,000.

6. Temporary Cash Investments

Valued at cost; market value at December 31, 1969: \$2,000,000.

7. Accounts Receivable and Accounts Payable

At December 31, 1969, accounts receivable include \$996,000 from subsidiary companies, and accounts payable include \$26,211,000 owing to subsidiary companies.

8. Capital Stock

Authorized

By charter — \$1,750,000,000 divided into common shares of the par value of \$25 each, and into preferred shares

By shareholders* — \$1,250,000,000 (comprising common shares of the par value of \$25 each; and not more than 4,000,000 preferred shares to a maximum aggregate amount of \$100,000,000)

*Increased in 1969, from \$1,000,000,000 divided into 40,000,000 common shares.

Outstanding

Beginning of Year	35,173,771	common shares
Issued in 1969 for cash	652,579	common shares
Issued in 1969 for shares of other telephone companies.	75,054	common shares
End of Year	<u>35,901,404</u>	common shares

9. Premium on Capital Stock

	Year 1969	Year 1968
Balance at Beginning of Year . . .	\$357,304,000	\$350,896,000
Premium on common shares issued during the year	9,026,000	6,408,000
Balance at End of Year	<u>\$366,330,000</u>	<u>\$357,304,000</u>

NOTES TO FINANCIAL STATEMENTS (continued)

10. Long Term Debt

FIRST MORTGAGE BONDS at December 31, 1969

Maturity Date	Rate of Interest	Series	
December 1, 1970	4 %	L	\$ 16,000,000
January 2, 1972	4 ³ / ₄ %	N	20,000,000*
March 15, 1972	5 %	O	20,000,000
February 15, 1973	3 ¹ / ₄ %	F	35,000,000
April 1, 1974	6 ¹ / ₄ %	S	25,000,000
June 1, 1975	3 ³ / ₈ %	G	40,000,000
May 1, 1976	3 ¹ / ₂ %	I	40,000,000
March 1, 1977	3 %	E	35,000,000
May 1, 1977	8 %	AN	55,000,000†
January 2, 1978	6 ¹ / ₄ %	R	35,000,000
November 1, 1978	7 ⁵ / ₈ %	AK	10,000,000
May 15, 1979	3 ³ / ₄ %	K	40,000,000
July 2, 1980	5 ¹ / ₄ %	Q	30,000,000
April 1, 1981	6 %	AC	13,500,000
June 1, 1981	4 %	M	24,000,000
January 2, 1982	5 ¹ / ₂ %	V	40,000,000
August 2, 1982	5 ³ / ₄ %	T	50,000,000
March 15, 1983	4 ¹ / ₄ %	P	50,000,000*
June 15, 1984	5 ¹ / ₂ %	W	30,000,000
October 1, 1984	5 ³ / ₄ %	Y	30,000,000
January 2, 1986	6 %	U	35,000,000
July 15, 1987	6 ¹ / ₈ %	AE	35,000,000
May 1, 1988	4 ⁷ / ₈ %	X	50,000,000*
November 1, 1988	6 ¹ / ₄ %	AH	50,000,000
October 1, 1989	4.80%	Z	50,000,000*
February 1, 1990	6 ³ / ₈ %	AG	30,000,000
April 1, 1991	6 %	AD	26,500,000
November 1, 1991	7 ⁵ / ₈ %	AL	30,000,000
September 15, 1992	6 ³ / ₄ %	AI	45,000,000
September 1, 1995	4.85%	AA	50,000,000*
December 1, 1995	4.85%	AB	28,000,000*
October 14, 1996	6 %	AF	44,000,000*
December 1, 1997	6.60%	AJ	51,000,000*
September 17, 1998	6.90%	AM	75,000,000*

Exchange premium less discount, at time of issue, of bonds payable in United States funds 24,504,000

Total Bonds \$1,262,504,000

*Payable in United States funds

†Exchangeable at the option of the holders on any interest payment date from November 1, 1970, to November 1, 1975, for First Mortgage 8¹/₄% Bonds, Series AO, to mature May 1, 1990.

11. Notes Payable

December 31,
1969

Promissory Notes (payable within 365 days, at rates of interest between 8 ¹ / ₄ % and 9 ¹ / ₄ %)	\$44,015,000
Bank Loan (payable on demand)	50,000,000
	<u>\$94,015,000</u>

12. Income Taxes

The Company has filed Notices of Objection for certain years commencing with 1964 which are under review by the federal and provincial income tax authorities. This could result in a potential tax reimbursement amounting to approximately \$12,600,000.

Deferred Credits — Income Taxes result principally from depreciation deducted for tax purposes being in excess of that included in operating expenses.

13. Deferred Credits — Employees' Savings Plan

Deposits received from employees of the Company and of certain subsidiaries, plus interest, for the purchase of common shares of the Company. The purchase price per share is 85% of the market value as determined under the Plan with shares of capital stock being issued upon completion of the regular payment period which is June 30 each year.

14. Remuneration of Directors and Senior Officers

During the year ended December 31, 1969, the aggregate direct remuneration paid or payable to the Directors and Senior Officers of the Company was:

By the Company

To Directors \$404,000
(Company Officers who are also Directors do not receive Director's fees; the full amount of their salaries is included in this figure)

To Senior Officers, not included above \$955,000

By the subsidiaries of the Company

To Directors \$120,000

To Senior Officers \$ 19,000

15. Plan for Employees' Pensions

The latest actuarial valuation of the Plan established an unfunded liability of \$22,077,000 at December 31, 1966. Subsequent payments to reduce this amount have been more than offset by allowances arising from increased wage levels and improvements in the Plan so that the unfunded liability is estimated to be \$29,111,000 at December 31, 1969. This amount is to be funded over the next 23 years by regular payments charged against operations in the years in which they are made.

16. Commitments

Material contractual obligations in respect of long term leases, principally covering building space, amounted to \$139,652,000 at December 31, 1969. Related rentals incurred for the year 1969 amounted to \$3,541,000 and the minimum amount applicable to the next five years is \$35,022,000 of which \$5,806,000 is applicable to the year 1970.

One parcel of real estate, located in Ottawa, owned by the Company has been leased to a third-party lessee for a period of 37 1/2 years. The lessee proposes to construct an office building on the said parcel, and to mortgage its leasehold interest therein. The Company has agreed that in case of payment default by the mortgagor-lessee it will purchase the said mortgage for a sum not to exceed \$30,624,000, in which event the unencumbered title to the land and building is to revert to the Company. The lease contains provision for a 15-year extension at the option of the lessee. Title to the building will revert to the Company upon expiry of the lease.

17. Subsequent Financing

On December 16, 1969, Bell Canada entered into an agreement with A. E. Ames & Co. Limited, Montreal, P.Q., and a Canadian chartered bank for the sale to them of \$30,000,000 of the Company's First Mortgage 9% Bonds, Series AP dated January 15, 1970, for the sum of \$29,580,000.

On January 7, 1970, Bell Canada and Microsystems International Ltd. (a subsidiary of Northern Electric Company, Limited) entered into an agreement with Underwriters for the sale to them of 2,000,000 Bell Canada \$3.20 Cumulative Redeemable Convertible Voting Preferred Shares of the par value of \$47.00 each for \$94,000,000 less a commission of \$2,350,000 and of 2,000,000 Microsystems International Ltd. Common Shares without nominal or par value for \$20,000,000 less a commission of \$1,070,000.

AUDITORS' REPORT

THE SHAREHOLDERS,
BELL CANADA.

We have examined the balance sheet of Bell Canada as at December 31, 1969 and the statements of income, retained earnings and source and disposition of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1969 and the results of its operations and the source and disposition of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Montreal, Que.,
February 16, 1970.

TOUCHE ROSS & CO.
Chartered Accountants.

STATISTICAL SUMMARY 1969 - 1960

FOR THE YEAR ENDED DECEMBER 31	1969	1968	1967
TELEPHONE SERVICE FACTS			
Bell Canada telephones in service*	5,752,820	5,450,782	5,152,101
Telephones per 100 population*	47	46	44
Local calls — daily average	33,560,000	31,916,000	30,000,000
Long Distance calls — daily average	745,000	664,000	612,000
Average daily calls per telephone	6.1	6.2	6.1
CORPORATE ITEMS			
Average shares outstanding	35,580,000	34,943,000	34,376,000
Per cent held in Canada	95.4	95.2	94.9
Number of shareholders*	251,834	254,690	259,001
Per cent resident in Canada	97.7	97.8	97.8
Number of Bell Canada employees*	38,686	37,489	38,123
Total payroll	\$ 273,972,000	\$ 250,682,000	\$ 236,781,000
Construction expenditures	\$ 389,326,000	\$ 338,629,000	\$ 312,524,000
REVENUES, EXPENSES and EARNINGS			
Operating revenues	\$ 842,090,000	\$ 758,478,000	\$ 702,036,000
Operating expenses	\$ 530,200,000	\$ 463,987,000	\$ 430,227,000
Operating taxes	\$ 148,516,000	\$ 141,115,000	\$ 130,564,000
Income	\$ 103,835,000	\$ 102,319,000	\$ 94,848,000
Other	\$ 44,681,000	\$ 38,796,000	\$ 35,716,000
Other income	\$ 22,480,000	\$ 21,922,000	\$ 20,042,000
Interest charges	\$ 72,158,000	\$ 60,969,000	\$ 52,750,000
Net income	\$ 113,696,000	\$ 114,329,000	\$ 108,537,000
Dividends	\$ 88,949,000	\$ 87,358,000	\$ 85,941,000
Balance retained	\$ 24,747,000	\$ 26,971,000	\$ 22,596,000
PRINCIPAL ASSETS and LIABILITIES			
Telephone property at cost			
less accumulated depreciation*	\$2,654,524,000	\$2,435,593,000	\$2,253,018,000
Investments*	\$ 282,933,000	\$ 240,647,000	\$ 239,114,000
Shareholders' equity*	\$1,466,116,000	\$1,414,152,000	\$1,370,024,000
Capital stock	\$ 897,535,000	\$ 879,344,000	\$ 865,959,000
Premium on capital stock	\$ 366,330,000	\$ 357,304,000	\$ 350,896,000
Retained earnings	\$ 202,251,000	\$ 177,504,000	\$ 153,169,000
Long term debt*	\$1,262,504,000	\$1,193,052,000	\$1,070,228,000
FINANCIAL RATIOS			
Net income per share	\$3.20	\$3.27	\$3.16
Dividends per share	\$2.50	\$2.50	\$2.50
Shareholders' equity per share*	\$40.84	\$40.20	\$39.55
Per cent return on equity capital	7.9	8.2	8.1
Per cent return on total capital	6.8	6.9	6.8
Average debt ratio (per cent)	47.0	44.9	43.2
Interest in per cent of average debt	5.6	5.3	5.1
Times bond interest earned after taxes	2.7	2.9	3.1

*at December 31

1966	1965	1964	1963	1962	1961	1960
4,868,392	4,577,573	4,312,577	4,090,102	3,890,630	3,695,107	3,515,007
43	42	40	39	39	38	37
28,577,000	26,817,000	25,525,000	24,458,000	23,464,000	22,279,000	21,277,000
565,000	536,000	495,000	468,000	440,000	409,000	391,000
6.2	6.2	6.2	6.3	6.3	6.3	6.3
30,867,000	29,604,000	28,638,000	26,450,000	24,531,000	23,085,000	21,206,000
94.6	93.7	93.6	93.1	93.0	92.2	92.1
255,449	213,939	207,150	195,037	192,854	178,126	171,288
97.8	97.5	97.4	97.3	97.3	97.0	97.3
40,008	38,320	35,890	35,441	35,086	34,302	35,656
\$ 225,437,000	\$ 200,236,000	\$ 187,081,000	\$ 179,297,000	\$ 170,471,000	\$ 161,859,000	\$ 159,029,000
\$ 293,335,000	\$ 242,458,000	\$ 233,533,000	\$ 234,088,000	\$ 219,357,000	\$ 192,579,000	\$ 207,662,000
\$ 645,047,000	\$ 592,961,000	\$ 542,772,000	\$ 502,977,000	\$ 470,995,000	\$ 433,656,000	\$ 404,848,000
\$ 406,679,000	\$ 372,318,000	\$ 343,366,000	\$ 325,795,000	\$ 301,857,000	\$ 282,488,000	\$ 270,428,000
\$ 114,433,000	\$ 106,101,000	\$ 96,037,000	\$ 84,833,000	\$ 81,601,000	\$ 73,483,000	\$ 64,731,000
\$ 84,527,000	\$ 80,788,000	\$ 72,916,000	\$ 63,332,000	\$ 61,441,000	\$ 54,621,000	\$ 48,039,000
\$ 29,906,000	\$ 25,313,000	\$ 23,121,000	\$ 21,501,000	\$ 20,160,000	\$ 18,862,000	\$ 16,692,000
\$ 11,998,000	\$ 9,695,000	\$ 9,425,000	\$ 8,412,000	\$ 7,433,000	\$ 6,666,000	\$ 6,976,000
\$ 43,970,000	\$ 37,712,000	\$ 35,055,000	\$ 32,467,000	\$ 29,685,000	\$ 26,661,000	\$ 23,153,000
\$ 91,963,000	\$ 86,525,000	\$ 77,739,000	\$ 68,294,000	\$ 65,285,000	\$ 57,690,000	\$ 53,512,000
\$ 75,859,000	\$ 65,129,000	\$ 63,005,000	\$ 58,189,000	\$ 53,968,000	\$ 50,786,000	\$ 46,652,000
\$ 16,104,000	\$ 21,396,000	\$ 14,734,000	\$ 10,105,000	\$ 11,317,000	\$ 6,904,000	\$ 6,860,000
\$2,081,166,000	\$1,923,070,000	\$1,804,375,000	\$1,687,130,000	\$1,558,444,000	\$1,434,118,000	\$1,327,587,000
\$ 196,425,000	\$ 81,489,000	\$ 77,240,000	\$ 64,757,000	\$ 58,073,000	\$ 40,975,000	\$ 39,997,000
\$1,324,848,000	\$1,134,982,000	\$1,098,245,000	\$ 981,212,000	\$ 956,839,000	\$ 848,160,000	\$ 751,245,000
\$ 851,875,000	\$ 745,300,000	\$ 734,638,000	\$ 666,525,000	\$ 655,532,000	\$ 593,673,000	\$ 533,502,000
\$ 341,836,000	\$ 273,130,000	\$ 268,434,000	\$ 234,578,000	\$ 230,567,000	\$ 195,123,000	\$ 165,010,000
\$ 131,137,000	\$ 116,552,000	\$ 95,173,000	\$ 80,109,000	\$ 70,740,000	\$ 59,364,000	\$ 52,733,000
\$ 944,803,000	\$ 794,353,000	\$ 735,000,000	\$ 710,000,000	\$ 630,000,000	\$ 570,000,000	\$ 545,000,000
\$2.98	\$2.92	\$2.71	\$2.58	\$2.66	\$2.50	\$2.52
\$2.43	\$2.20	\$2.20	\$2.20	\$2.20	\$2.20	\$2.20
\$38.88	\$38.07	\$37.37	\$36.80	\$36.49	\$35.72	\$35.20
7.8	7.8	7.3	7.1	7.4	7.0	7.2
6.5	6.6	6.3	6.1	6.3	6.0	6.0
42.6	40.5	40.2	40.9	41.3	41.1	41.0
4.9	4.8	4.8	4.7	4.6	4.5	4.3
3.2	3.4	3.3	3.2	3.3	3.3	3.5

Contemptra Phone — a Canadian Success Story

The CONTEMPRA telephone — conceived, designed and produced in Canada by the Northern Electric Company, Limited — provided one of 1969's major commercial success stories. Following its introduction late in 1968, the response of Bell Canada customers to this new and unique telephone was so great that over 100,000 sets were in service in the Company's territory by the end of 1969.

The result of original research and development work at Northern Electric Laboratories in Ottawa, and at Northern's regional laboratory in London, where the set is manufactured, the CONTEMPRA telephone uses standard working components in a new design configuration. This factor, plus the set's adaptability to use as either a desk or wall telephone has substantially reduced production and inventory costs and resulted in a generally trouble-free service record. Its combination of high-quality components, service flexibility, and attractive, modern design — coupled with such highly-desirable features as the "dial in handset", recall button, and extra-length spring cord — has produced what appears to be the world's most wanted telephone.

Initially introduced at the end of 1968 in London, and Quebec City, the CONTEMPRA telephone became available in Montreal and the rest



of Quebec in March. One week prior to introduction, Montreal had booked 4,500 advance orders, and sales across the Province reached the 57,000 mark by mid-May. Following introduction in Ottawa and the Company's Central Area in August, the first Touch-Tone models became available. Total sales

reached 82,000 by September and passed 100,000 by the year-end. The continuing high demand created shortages, and the planned introduction of the CONTEMPRA telephone in Toronto and western Ontario centres had to be postponed to February, 1970.

The CONTEMPRA telephone is the first in a family of telephone sets of the future. Its design purposely lends itself to modulation and variation to include the addition of such features as speakerphone, multi-line pushbuttons for business use, and even video screens. The push-button model is equipped with two extra buttons designed to permit its eventual use as a remote terminal providing direct computer access from home or office.

With the CONTEMPRA telephone, as with so many other products and services, Bell Canada and Northern Electric have once more proved the value to customers of the integration of research, development, manufacturing and service operations in the telecommunications field.





Mobile radio telephone service provides the vital communications link between isolated construction sites and project headquarters.



Service to Remote Areas

Bell Canada provides vital telecommunications services to hundreds of otherwise isolated outposts and settlements. These are scattered over thousands of square miles of undeveloped territory in northern Ontario and Quebec, Labrador and portions of the Northwest Territories.

Facilities and services provided are tailored to the specific local communications requirements. They range from a single, radio-linked telephone located in a trading post or mission, to the provision of a wide variety of sophisticated and modern services and equipment in a location such as Churchill Falls, Labrador. Here a bustling community is developing at the site of the western world's largest single electric power project. It is provided not only with local telephone service, but with a fire and emergency reporting system, mobile telephone communication within the Churchill Falls area as well as to seven outlying construction camps, and accessibility to the national telecommunications network for long distance voice, data and TWX connections.

Linking a single, isolated telephone or a complex community development to the outside world presents essentially the same challenge. Since the use of conventional land-lines is almost invariably out of the question due to distance and terrain, alternative methods of connection and transmission have had to be developed. Microwave links, dial-operated Fringe Radio Service, low and high frequency radio systems, special mobile telephone units, and the unique, Canadian-developed tropospheric scatter transmission system have been utilized, singly and in combination, to supply essential telecommunications services to Canadians living and working in these sparsely-populated frontier areas of the Company's territory.

Checking the operation of emergency telephones, located in tunnels and chambers nearly 1,000 feet deep in the Labrador rock, is part of the job of this telephone craftsman at Churchill Falls.



Computers in the new Data Centres at Don Mills, Ontario, and Dorval, Quebec, operate 24 hours a day, processing the hundreds of thousands of business transactions which take place every month in offices across the Company.

Data Centres

Bell Canada continues to lead Canadian industry in the use of modern information systems and advanced computer techniques to develop more efficient business methods. The objective is not only to achieve increased productivity, greater technical efficiency and better service for customers, but also to ensure that employees are able to concentrate their maximum efforts on creative and satisfying work, freed from the drudgery of repetitive tasks.

With 37 computer systems in service at the end of the year, this Company remained the largest

non-governmental user of computers in Canada. To accommodate the majority of the people and equipment involved, the Company opened two new Data Centres during the year — one at Don Mills, in metropolitan Toronto, and one at Dorval, near Montreal. The buildings were specifically designed for computer installations, while incorporating facilities which provide excellent working conditions for more than 1,200 employees at each location.

One of the prime functions of the Data Centres involves compilation of monthly accounts for the

Company's four million customers. Other computerized operations include results reporting and general records maintenance; payroll preparation; processing of accounts from over 18,000 suppliers; and maintenance of records of the Company's more than 250,000 shareholders. A major records mechanization program is now under way involving the computerization of all records of physical plant, costs and manpower. The computer used in this operation is of the same type as that used to guide the Apollo astronauts to the moon.

One of the most important Bell Canada computers, located in Dorval, operates on a time-shared basis. Its prime function is problem solving. All Company departments in most locations have access to this computer which is equipped with over 100 remote input terminals. Its capabilities may be used to solve engineering problems, make traffic forecasts, assist in manpower planning and for many other purposes.



The spacious, well-lit interior of the Data Centre creates an environment which combines functional efficiency with attractive surroundings.



A specialized computer, designed for problem-solving, is used extensively in simulating and analyzing operations of major sectors of the Company's business. These management science specialists are studying a printout of results from one such project.



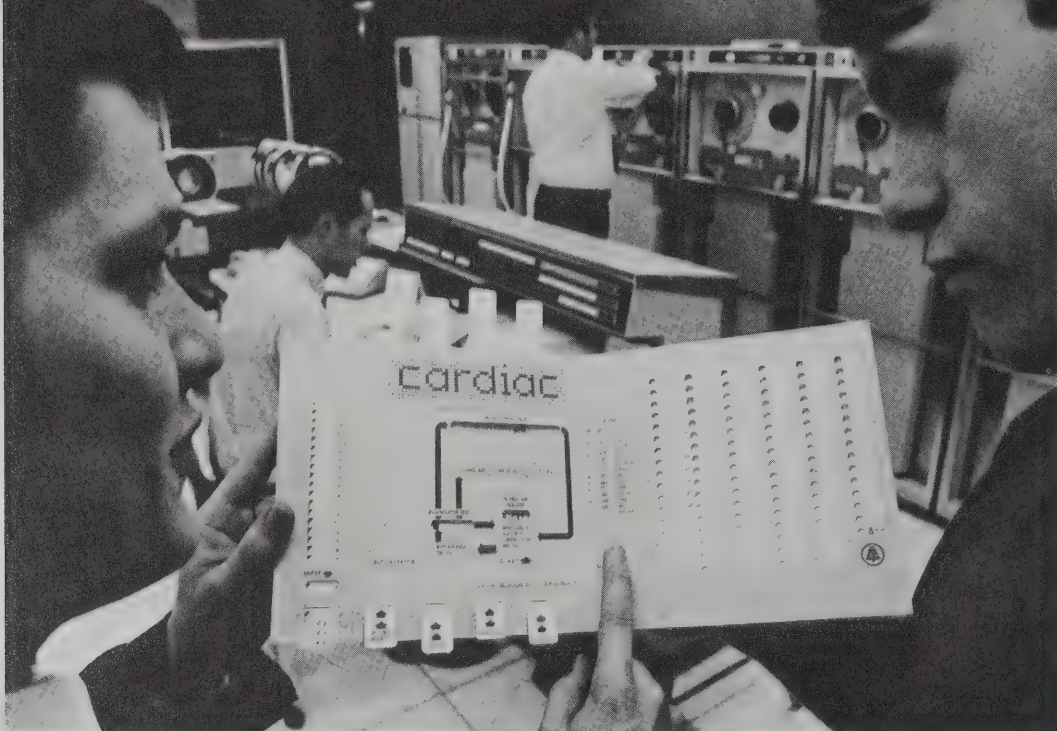
Management Science

In continually seeking to improve its performance, the Company makes increasing use of the methods of modern management science. This involves close examination of the applicability of developments in economics, mathematics and statistics, as well as opinion and market research, to the many phases of the Company's planning activities.

The opportunities for using these developments effectively, both singly and in combination, have been multiplied many times with the availability of modern computers. A staff of specialists in the various disciplines of the applied and social sciences is currently engaged in developing effective uses for these techniques. Appreciation courses are conducted for management people to ensure the efficient integration of the results into the Company's day-to-day operations.

The management science activity has already demonstrated its usefulness and value. As it progresses it will provide increasingly significant support to the Company in meeting objectives in all aspects of its operation.

Simulating business operations through the use of mathematical and physical "models" is a standard technique of management science. This group is discussing the formulation of an econometric model prepared for a current project.



Bell Canada's "Understanding Computers" program features an ingenious cardboard computer called CARDIAC, standing for CARDbord IllUstrative Aid to Computations. The program is designed to help high school science teachers instruct their students in the use and management of computers.

Education

Bell Canada supports a wide variety of educational activities designed to be of value to both students and teaching staffs. The High School Science Series project was continued in 1969 with the introduction of "Understanding Computers", a program designed as a tool for secondary school teachers to use in introducing the broad new subject of computer operation and programming. The course material has been introduced to interested educators in Ontario and will be available in Quebec in 1970. Other science education programs, previously offered by the Company to teachers and school administrators, deal with such subjects as solar energy, magnetism and speech synthesis.

High school guidance counselors and teachers in many cities across the Company's territory learned at first-hand about the variety of jobs Bell Canada offers, by visiting work locations and observing employees in the performance of their duties. A different approach was taken with selected students in the Ottawa-Hull area who were given the opportunity to participate in a "work experience"

program, now in its third year of operation. This plan allows students to apply to actual jobs the skills they are learning in school, thus amplifying the learning process. Bell Canada, working with school authorities, accommodated over 100 students in this program during the year.

A group of students from a Montreal school for the deaf participated in a TWX training course, designed to provide them with the opportunity of learning how to operate teletype machines — a useful skill in modern business. The course was so successful that the school has decided to offer a teletypewriter course as part of the regular curriculum.

Eight Canadian university students, working for advanced degrees at the post-graduate level, were awarded Bell Canada Centennial Fellowships in continuation of the program initiated by the Company in 1967. Each award has a value of \$5,000, of which \$3,500 goes to the successful candidate and \$1,500 to the university to defray tuition and other expenses associated with

the study program. A former recipient whose fellowship was renewed, Miss Patricia Pirie of Toronto, is working towards a doctorate in pharmacology at the University of Toronto. Receiving fellowships for the first time were: Ivan L. Purdy of Brandon, Manitoba, who is working towards a Master's degree in mechanical engineering at the University of Manitoba; Miss Paige Holland of Preston, Ontario, working towards a Master of Arts in French literature at the University of Toronto; Sister Beverley Mitchell of Vancouver, studying for a Master's degree in Canadian literature at the University of Calgary; Jean-Marc Rousseau of Montreal, working towards a Master's degree in mathematics at the University of Montreal; Miss Hélène Asselin of Montreal, studying at the University of Montreal for her Master of Psychology degree; David Black of Saskatoon, working towards a Master's degree in economics at the University of Toronto; and Ronald Wolff of Toronto, studying at the University of Toronto for his Master of Science degree.



These high school teachers, visiting the site of a cable-placing job, are learning at first-hand about the telephone lineman's duties and equipment.



Handicapped students from a school for the deaf are learning how to operate a teletype machine — an extremely useful and marketable skill in today's business world.

Summer Employment

Summer employment of university students serves very essential psychological and economic needs of young people. It is also sound practice from the Company's point of view.

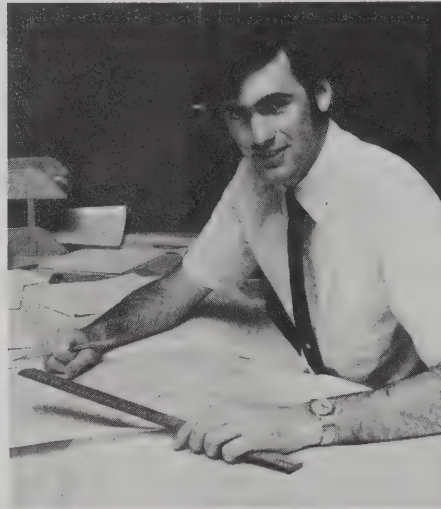
As well as helping students finance their continuing education, summer jobs often provide their first working experience and establish a positive and productive association with the world of business and industry. This helps them enlarge their understanding of the environment and develop confidence in their ability to cope with its demands, while allowing them to assess career opportunities and evaluate their own potential. Benefits to the Company include performance of work which might otherwise be delayed, the infusion of new energy, enthusiasm and a fresh viewpoint into many areas of the Company's operation, and better results in the subsequent recruiting of graduates for career employment.

Recognizing these advantages, Bell Canada hired over 1,300 students across Ontario and Quebec last summer. This represented a 45 per cent increase over the year 1968 and amounted to nearly four per cent of the Company's regular work force. Their jobs were not created to "make work", but were developed as meaningful, challenging assignments designed to provide help to those departments requiring it.

In recognition of his personal efforts as well as the Company's leadership in this field, Bell President Robert C. Scrivener was named National Chairman of the Youth Affairs Committee, Canadian Chamber of Commerce, and of its "Operation Placement", a nationwide student employment program. Bell Canada will continue to support the goals of this Committee and to contribute its share in making summer employment of students a way of life for Canadian business.



Secretarial work is demanding in a business where accuracy is essential to good customer service.



Investigating and mapping locations for microwave towers is an exacting job which demands precision and creativity in the application of sound engineering principles.

Modern equipment used in all phases of the construction of telecommunications facilities gives qualified student-employees a valuable "hands-on" learning experience.





Bell Canada employees are actively engaged as volunteer business advisors to Junior Achievement groups such as this one engaged in the production and marketing of breadboards. These smiling faces leave no doubt as to the success of their efforts.

Employees in the Community

In communities throughout Bell Canada's operating territory, telephone men and women made substantial contributions of time, energy and talent in promoting the well-being of their fellow-citizens. Both as Company representatives and as individual, responsible citizens they participated in local social and political activities — education, welfare, community planning, youth work and many more.

Of special interest was a training program, conceived and developed by a group of Company employees, which offered to selected inmates of a Montreal penal institution the opportunity to qualify as computer programmers. Hours of the employees' spare time — almost every evening — were devoted to the tasks of planning, instructing, correcting tests and administering the program. Their reward came several months after the project was initiated, when eight inmates graduated as fully-qualified programmers. All the graduates have since been released from custody and have been hired by private industry. The two who were

engaged by Bell Canada and one who joined Northern Electric give every indication of becoming successful, career employees.

In 1969, as in previous years, thousands of Bell Canada employees voluntarily undertook first aid training. On numerous occasions, this training was put to good use in assisting victims of accidents and mishaps. A Citation Certificate was awarded to James G. Guerin of Chatham, Ontario, whose initiative and skill undoubtedly saved the life of an eight-year-old child drowning in Lake Erie. Letters of commendation

from the President for other distinguished acts of public service were presented to: Fernand Richard, Asbestos; Jean-Guy Lalonde, Granby; R. M. Newell, Haliburton; Mrs. Jane Petroski, Oshawa; Frank Jensen, Montreal; Gilbert Viel, Rivière du Loup; John E. Blunt, J. R. Bowcott, William T. Helliwell, Donald L. Hyland, William D. Kirkwood, and T. H. Mahaffey, Toronto; J. Labelle, J. B. Lavallée, R. Léger, and Rosaire Montpetit, Valleyfield; Y. Bergeron, Hilton Driver, Guy Lessard — for two separate actions, R. Nadeau, E. Roy and M. Vigneault, Victoriaville.

Bell Canada volunteers who participated in the computer programmer training course given to selected inmates of the Leclerc Institute explain the techniques of console operation to Institute officials.





Bell Canada employs over 7,000 telephone operators to handle emergency calls, directory assistance, overseas traffic and some long distance calls at any hour of the day or night. Still giving the personal service her predecessors made famous is this modern-day version of the "Voice With the Smile".

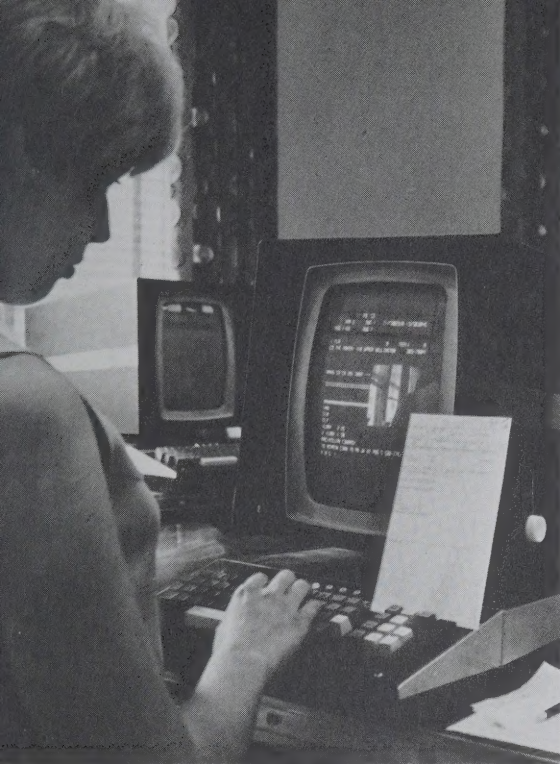
Employees at Work

However much Bell Canada uses computers and other mechanized business machines to improve operating methods, it is still the Company's employees who determine the quality of service being given to the public. They are the key to the success and reputation of the enterprise.

Company men and women are engaged in a wide variety of demanding jobs, many of them requiring special skills and talents — the service representative handling customers' enquiries, orders and accounts; the construction worker building plant and laying cable; the sales

consultant advising on business communications; the engineer designing cable systems and equipment installations; the computer programmer writing detailed instructions to direct computer functions; and a host of others.

Whatever their jobs, Bell Canada employees continue to demonstrate their keen interest in maintaining the high-quality performance standard which has become a Bell Canada tradition. No matter what challenges the future may hold, there is every reason to believe that telephone men and women will rise to the occasion.



The service order writer transmits the customer's instructions for service connection or change to all departments concerned. Use of a teletypewriter equipped with a cathode ray display tube in this trial installation promises greater accuracy, speedier handling of customer requests, and substantial savings in clerical costs.



On his way to connect a customer's service, the telephone installer answers the questions of a group of eager children, who are intent on learning how the Touch-Tone telephone works.



Bell Canada, part of
Trans-Canada
Telephone System